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U.S. CHARGES MANHATTAN MAN WITH SCHEME TO DEFRAUD IBM

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that RAVIV LAOR was arraigned today in White Plains federal court before United States Magistrate Judge MARK D. FOX on an indictment charging LAOR with 7 counts of mail fraud and 5 counts of wire fraud stemming from LAOR's alleged victimization of the IBM Credit Corporation ("IBM"), a wholly-owned subsidiary of IBM Corporation based in Armonk, New York.

According to the Indictment, LAOR owned and operated Chartwell Computer Services, Inc. ("Chartwell"), which he ran from his apartment in Manhattan. During April 1997, Chartwell became an IBM Business Partner - Personal Computer Reseller.

IBM offered to provide secured loans, in the form of equipment leases called "QuickLease Agreements," to enable businesses that appeared to meet certain qualifications to

obtain specific computer hardware, computer software or certain other items. When it entered a QuickLease Agreement, IBM paid the purchase price directly to the seller (such as defendant LAOR's company Chartwell) of the items being financed, but only after the borrower had certified in writing that the borrower had received each item specified in the QuickLease Agreement.

The Indictment alleges that from around November 1996 until about June 1998, LAOR sought out companies that were seeking loans or investment capital and that would be willing to pay a commission or fee to LAOR if he could obtain unsecured loans or investment capital for them. LAOR allegedly told such companies that IBM would lend them money if they would buy a relatively small amount of computer or other items from defendant LAOR's company, Chartwell.

According to the Indictment, to induce IBM to enter QuickLease Agreements, defendant RAVIV LAOR submitted to IBM information that was materially false and misleading. The Indictment alleges that LAOR falsely claimed to have sold particular items that LAOR had not in fact sold or delivered, and that LAOR grossly exaggerated the value of items that he had sold. The Indictment charges that LAOR deliberately concealed from IBM the fact that LAOR was transferring a significant amount of IBM's money to the borrowers as unsecured loans.

The Indictment alleges that borrowers that LAOR had brought to IBM thereafter defaulted on their loan repayments,

and that IBM was unable to repossess some listed items because the borrowers had never obtained them, and was unable to recover much money on items that it could repossess because those items were worth much less than the amounts that had been falsely and fraudulently represented to IBM.

According to the Indictment, LAOR also arranged two QuickLease Agreements from IBM in which defendant RAVIV LAOR's own company, Chartwell, itself was the borrower. Before IBM agreed to participate in these QuickLease Agreements, LAOR allegedly submitted invoices and Certificates of Acceptance that falsely represented that LAOR's company Chartwell had purchased the designated items for the amounts listed. The Indictment alleges that LAOR caused Chartwell to default on its own two leases with IBM.

The Indictment alleges that as a result of this fraudulent scheme, IBM ultimately lost a significant amount of the money that it had paid, and also lost a significant amount of the money that it had been scheduled to earn, on the QuickLease Agreements that LAOR had arranged.

Upon conviction, the charges carry a maximum sentence of 5 years in prison and a \$250,000 fine per count, plus restitution.

LAOR entered a plea of not guilty today, and he was released on a \$250,000 bond. His case was assigned to United States District Judge COLLEEN MCMAHON.

LAOR is 33 years old and lives in Manhattan.

Assistant United States Attorney MICHAEL L. TABAK is in charge of the prosecution.

The charges in the Indictment are merely accusations, and the defendant is presumed innocent until and unless proven guilty.

03-189